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FOR IMMEDIATE RELEASE
May 4, 2005

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COUNCIL READIES TRANSIT TAX BILL

Honolulu City Councilmember Nestor Garcia today introduced a bill that would increase the state general excise tax for Oahu residents by 0.5 percent to build and operate a transit system of their own choosing. Garcia chairs the Planning & Transportation Committee.

The measure, Council Bill 40, proposes to start collecting the additional half-percent on January 1, 2007, as provided for in a bill passed yesterday by the State Legislature. The State Tax Department estimates that a half percent surcharge would generate \$148 million annually for Oahu. Ten percent of that would be withheld by the state for administrative purposes.

"Based on the approval by the Legislature to allow counties to do this, we are wasting no time to ensure that the City & County of Honolulu can meet the legislatively imposed deadline of December 31, 2005 to enact the increase," Garcia said. Bill 40 will undergo first reading on May 11.

"Clearly, the time to act is now," Garcia said. "The debate over the excise tax surcharge or other means of funding transportation solutions is healthy for our community. We have been given the opportunity to decide once and for all what we are willing to pay to solve our transportation problems."

Co- introducers include Councilmembers Romy Cachola, Ann Kobayashi, Gary Okino, Donovan Dela Cruz, Rod Tam, and Todd Apo.

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Garcia added that proof of a dedicated local funding source also would be critical to receiving federal dollars to help pay for any "locally preferred alternative." For example, estimates place the cost of a fully built out rail system at more than \$2 billion.

The state House and Senate yesterday approved House Bill 1309, enabling counties to assess up to a half percent surcharge on the state general excise tax for transportation projects. The bill now goes to Governor Linda Lingle, who has 45 days after receipt to sign it, veto it, or allow it to become law without her signature. Garcia said he believes the Governor supports county home rule and will approve the measure.

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